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Message Text

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BEIRUT FOR RTDO

E.O. 11652: N/A
TAGS: BDIS: KUS
SUBJ: SPERRY-RAND AGENCY IN KUWAIT

SUMMARY: YOUNG AGGRESSIVE LOCAL FIRM APPARENTLY HAS SNATCHED SPERRY RAND AGENCY OUT FROM UNDER ESTABLISHED COMPANY WHICH HAS SOLD US COMPANY'S PRODUCTS HERE FOR OVER 20 YEARS. ESTABLISHED COMPANY OWNED BY SENIOR GOK OFFICIAL WHO ONE OF AMBASSADOR'S MOST IMPORTANT CONTACTS AND HE HAS ASKED EMBASSY TO LOOK INTO MATTER. END SUMMARY.

1. EMBASSY HAS BEEN REQUESTED APPROACH SPERRY RAND CORP. ND ITS EXCLUSIVE AGENT FOR MIDDLE EAST, EASTERN COMMERCIAL AGENCY, 350 FIFTH AVENUE (EMPIRE STATE BUILDING), NEW YORK, NEW YORK 10001 (TEL. (212) 279-3882) ATTN: MR. JOSEPH SADOO, REGARDING APPARENT DECISION BY SPERRY-RAND/ EASTERN COMMERCIAL TO TRANSFER THEIR LOCAL DISTRIBUTORSHIP IN KUWAIT FROM EQUIPMENT COMPANY TO AL-JEEL TRADING COMPANY. EQUIPMENT COMPANY HAS HAD AN EXCLUSIVE DISTRIBUTORSHIP RELATIONSHIP WITH EASTERN COMMERCIAL TO SELL SPERRY-RAND PRODUCTS (REMINGTON RAND TYPEWRITERS AND OFFICE EQUIPMENT) FOR OVER 20 YEARS. ACCORDING TO COMPANY OFFICIALS SALES ARE GOOD, EXPANDING BY OVER 200 PERCENT IN 1973 COMPARED TO 1971. THEY CLAIM NEITHER SPERRY-RAND NOR COMMERCIAL EASTERN HAS EVER COMPLAINED ABOUT
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THEIR SALES OR BUSINESS PRACTICES AND IN FACT RECENTLY GRANTED

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AN EXCLUSIVE DISTRIBUTORSHIP FOR DUBAI TO AN EQUIPMENT COMPANY AFFILIATE WHICH IS OWNED 50 PERCENT BY THE KUWAITI CONCERN.

2. AL-JEEL TRADING IS AN AGGRESSIVE NEW FIRM OWNED BY, AMONG OTHERS, A SENIOR MINISTRY OF COMMERCE AND INDUSTRY OFFICIAL. ON THE OTHER HAND ONE OF EQUIPMENT COMPANY'S OWNERS IS THE MINISTER OF ELECTRICITY AND WATER, WHO IS AN IMPORTANT POLITICAL FIGURE IN KUWAIT AND ONE OF THE AMBASSADOR'S KEY CONTACTS. HE HAS ASKED THE AMBASSADOR FOR THE EMBASSY'S ASSISTANCE.

3. COHLENT AND ACTION REQUESTED; EQUIPMENT COMPANY HAS ASKED US TO APPROACH SPERRY-RAND AND EASTERN COMMERCIAL AND SUGGEST THEY RECONSIDER THEIR ACTION. IT IS POSSIBLE THAT EQUIPMENT COMPANY WILL RESORT TO LEGAL ACTION IF NECESSARY. IT IS ALWAYS DIFFICULT WHEN THE EMBASSY FINDS ITSELF IN-BETWEEN TWO KUWAITI BUSINESS ESTABLISHMENTS WHO ARE IN CONFLICT, ESPECIALLY WHEN COMMUNITY LEADERS ARE INVOLVED AS IS USUALLY THE CASE. THEREFORE MATTER MUST BE HANDLED WITH DEGREE OF DELICACY. WE DO WISH, HOWEVER, TO PROTECT THE REPUTATION OF US FIRMS AND TO ASSURE THAT THEIR POSITION IN THE LOCAL MARKET IS NOT HARMED. IN THIS CASE, WE REQUEST COMMERCE TO PHONE JOSEPH SADOO AT EASTERN COMMERCIAL AND APPROPRIATE SPERRY RAND EXECUTIVES AND (1) GET THEIR SIDE OF THE STROY AND (2) MAKE CERTAIN THAT THEY ARE AWARE OF THE POSSIBLY NEGATIVE RAMIFICATIONS OF THEIR ACTIONS. IF THEY WISH THE EMBASSY IS PREPARED TO CONVEY MESSAGES TO THE PARTIES OR OTHERWISE ASSIST THE US FIRMS IN WORKING OUT WHATEVER PROBLEMS MAY EXIST.
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